

**CASTEL FROMA NEURO CARE LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**CHARITY NUMBER 1100965**

**COMPANY NUMBER 04777559**

**Harrison Beale & Owen Limited  
Chartered Accountants and Statutory Auditor  
Highdown House  
11 Highdown Road  
Sydenham  
Leamington Spa  
CV31 1XT**

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**CHAIRMAN'S REPORT**

Castel Froma Neuro Care Limited is a charitable company limited by guarantee operating two care centres in Leamington Spa, providing day, respite and long term care to people disabled with neurological conditions.

The financial year 2020-21 has again been a challenging year. The financial performance of the charity was broadly as expected, with an adverse net movement in funds of £267k. This result has been achieved despite continued pressures on fee income and a persistently difficult recruitment market, which have both been exacerbated up to the year end and since by the restrictions on activities and occupancy imposed by the phenomenon of Covid-19.

The Castel Froma site in Lillington Road (Lillington House) continues to provide long term care for up to fifty six residents whilst Helen Ley, which has a total of thirty eight beds, provides a mixture of respite and long term care, although occupancy at both sites has been diminished in the year and respite care was not permitted throughout this period. It is still our intention to improve facilities at both sites in the medium to long term and we continue to explore ways in which this can be achieved.

We wish to thank all those individuals who give their time freely in many different ways to help both Castel Froma Neuro Care Limited at Lillington House and Helen Ley House. Their efforts are very much appreciated.

I also wish to thank the staff and management team for their hard work during the year.

Finally, I wish to thank my fellow trustees for their continued dedication and support.



John Evison  
Chairman of Trustees  
18 January 2022

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT (Including Directors' and Strategic Report)**

**FOR THE YEAR ENDED 31 MARCH 2021**

The trustees are pleased to present their annual report together with the audited financial statements of the charity for the year ended 31 March 2021 which are also prepared to meet the requirements for the strategic and directors' report and accounts for Companies Act purposes. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

On 1 April 2011 Castel Froma (as the charity was then known) merged with Royal Midland Counties Home for the Disabled, a charity under common control. Royal Midland Counties Home for the Disabled remains a separate charity, placed under a Uniting Direction with Castel Froma. On 1 April 2011 the expendable assets of Royal Midland Counties Home for the Disabled were transferred to Castel Froma and the permanent endowment was placed under the protection of the Trustees of Castel Froma. The following financial statements report the combined performance and financial position of Castel Froma and Royal Midland Counties Home for the Disabled.

**Reference and administrative information**

**Castel Froma Neuro Care Limited:-**

Registered charity number	1100965
Registered company number	04777559

Country of incorporation	England
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**Royal Midland Counties Home for the Disabled registered charity number (Linked charity)**

1100965-1

**Registered office**

93 Lillington Road  
Leamington Spa  
Warwickshire  
CV32 6LL

**Auditors**

Harrison Beale & Owen Limited  
Chartered Accountants and Statutory Auditor  
Highdown House,  
11 Highdown Road  
Leamington Spa  
CV31 1XT

**Bankers**

Lloyds Bank  
73 The Parade  
Leamington Spa  
CV32 4BB

**Solicitors**

Wright Hassall LLP  
Olympus Avenue  
Leamington Spa  
CV34 6BF

Harrison Clark Rickerbys Limited  
Ellenborough House  
Wellington Street  
Cheltenham  
Gloucestershire  
GL50 1YD

**CASTEL FROMA NEURO CARE LIMITED**  
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**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**Directors and trustees and officials**

President	12 <sup>th</sup> Earl of Aylesford
Patron	Mr T Cox, Her Majesty's Lord Lieutenant of Warwickshire
Vice-President	Mrs D Dowdeswell OBE
Trustees	Mr J Evison (Chairman) Mr G Murrell (Vice-Chairman) Mr S J Nicklin Mrs L Holiday Mr D Leigh-Hunt Dr D Stableforth Dr C Wilson Ms E C Jackman
Ex-Officio	The Chairman of Warwick District Council His Worship the Mayor of Royal Leamington Spa
Senior Management Team	Mrs M Bawden (Chief Executive & Nominated individual) Ms C Dickinson (Registered Manager, Lillington House) Mrs S Hook (Registered Manager, Helen Ley House) Mr S C Taylor (Consultant to the board) Ms K Grove (Clinical Compliance manager)
Company Secretary	Mrs M Bawden (resigned 10 November 2021) Mrs A M Stiles (appointed 10 November 2021)
Care Standards Committee	Mr G Murrell Mrs L Holiday Mr S Nicklin
Finance, Assets & Risk Committee (including profiling & fundraising)	Mr J Evison Mr S Nicklin Mr D Leigh-Hunt Mrs L Holiday Mr G Murrell Mr D Stableforth
Remuneration Committee	Mr J Evison Mr S Nicklin Mr G Murrell Mr D Leigh-Hunt

**CASTEL FROMA NEURO CARE LIMITED**  
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**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**OBJECTIVES AND ACTIVITIES**

**Mission Statement**

***Day, respite and long-term residential care with 24-hour nursing care for those with neurological conditions***

We run outstanding care and rehabilitation centres providing day, respite and long-term services for people disabled by neurological conditions.

**Business Aims**

- To provide the highest standard of nursing and care for individuals with neurological conditions who have complex needs;
- To bring together experts from every therapeutic field to help our residents live as full a life as possible;
- To integrate family, friends and the local community into the lives of our residents and provide a supportive environment for their carers;
- To excel in palliative and end of life care to help our residents live their last days as they would wish, free from pain and with as much dignity as possible;
- To extend our care beyond our centres, into the local community and onto a regional and national level;
- To operate within a financially and environmentally sustainable framework.

**Principal activities**

The principal activity of Castel Froma Neuro Care Limited is the provision of care and accommodation for severely physically disabled people. To achieve this objective the charity operates two registered care centres based at the following addresses:-

Lillington House  
93 Lillington Road  
Leamington Spa  
Warwickshire  
CV32 6LL

The Helen Ley Care Centre  
Bericote Road  
Blackdown  
Leamington Spa  
Warwickshire  
CV32 6QP

The centres provide 24-hour nursing care, in addition to physiotherapy, occupational therapy, hydrotherapy, speech and language therapy, aromatherapy and reflexology.

The principal activity of Royal Midland Counties Home for the Disabled is to support Castel Froma Neuro Care Limited. The sale of approximately 1.5 acres of land in 2004 allowed Royal Midland Counties Home for the Disabled to invest a large sum of money in property. The monthly income has been allocated to projects in Castel Froma Neuro Care Limited for physically disabled people. All of the projects have directly benefited the residents.

**Volunteers**

In addition to approximately 205 paid employees, the charity also benefits from over 2,350 hours of donated time each year. This figure includes time spent at the care centre by committee members, drivers and letter writers, who all participate in fundraising events, visit residents, and accompany them on excursions outside the care centre.

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing instrument**

Castel Froma Neuro Care Limited is a charitable company limited by guarantee, incorporated on 27 May 2003 and registered as a charity on 1 December 2003. The company was established under a Memorandum of Association, as amended by special resolutions of 7 November 2003 and 25 November 2010, which established the objects and powers of the company and is governed under its Articles of Association.

Royal Midland Counties Home for the Disabled is an unincorporated association set up under a Trust Deed dated 27<sup>th</sup> June 1884, as amended on 1<sup>st</sup> April 2011.

**Organisation and structure**

The overall management of the charity is carried out by the Chief Executive who is directly responsible to the trustees. All nursing and care staff report to the Registered Managers and all non-medical staff report to their relevant line manager.

**Governance and internal control**

The 'Board of Trustees' comprises the directors of the company. A list of those who served in these capacities during the period is set out on page 3. Members of the company guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up.

A panel comprising existing committee members selects members of the three committees: the Care Standards Committee; the Finances, Assets and Risks Committee; and the Remuneration committee. The trustees meet quarterly.

New trustees are elected by the 'Board of Trustees'. New trustees are inducted during their first trustees' meeting. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

**Pay policy for senior staff**

The pay of the senior staff is reviewed by the remuneration committee (at least annually) and normally increased in line with average earnings. In view of the nature of the charity, the trustees benchmark against pay levels in other regional charities of a similar size. If recruitment has proven difficult in the recent past a market addition may also be paid.

**Plans for the future**

The trustees have an agreed strategic aim, in the medium term, to develop the charity's existing premises into more modern facilities that are fit for purpose.

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**STRATEGIC REPORT**

**Achievements and performance**

2020-21 has been a year of many challenges, not least recruitment of staff and from March 2020, the onset of the Covid-19 pandemic.

We continue to strive to provide a high standard of personalised care for all of our residents at both sites. To this end we have, where possible, maintained the number of hours each week in respect of physiotherapy, occupational therapy, psychology, dietician and speech and language therapy. The number of permanent residents at both sites declined during the year as, owing to the pandemic and a consequent ban on visitors, some residents opted to have ongoing care at home and there was also a delay in the usual process when prospective new occupants were being referred. Respite care was also discontinued as a result of the pandemic. Nonetheless, latest inspection reports from the Care Quality Commission assess each centre as "Good".

**Financial review**

Details of the financial position of the charity are set out in the attached financial statements. Income for the year totalled £7,849,406 and expenditure totalled £8,547,649. Net expenditure for the year totalled £698,243 with total adverse movement in funds of £267,459 after other gains of £430,784. Unrestricted reserves at the year-end amounted to £7,151,881 and these comprised general reserves of £3,960,186 and designated reserves of £3,191,695. Restricted reserves comprise the restricted reserves of Castel Froma Neuro Care Limited totalling £75,033 and an endowment reserve of Royal Midland Counties Home for the Disabled, representing the value of the freehold property, being the site at 93 Lillington Road, amounting to £4,250,000 at the year end.

**Investment policy**

The charity's investments are held in accordance with the trustees' powers. The trustees have considered the most appropriate policy for investing the funds and have found that a mixture of property investment and investment in a portfolio of equities meets their requirements to generate both income and capital growth. The trustees take advice from suitable specialists on, amongst other things, the acceptable levels of risk and aim to generate a return above that of the rate of inflation, whilst ensuring that cash is available to the charity when needed. The performance of investments is reviewed periodically against agreed benchmarks.

**Risk review**

The trustees have put in place a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the trustees continually review the adequacy of the charity's current internal controls. The trustees are pleased to report that the charity's internal financial controls, in particular, conform to guidelines issued by the Charity Commission.

The trustees have conducted their own review of the major risks to which the charity is exposed and systems have been implemented to mitigate those risks. The significant external risks to the charity are noted within the key risks identified below and include the key financial risk of the charity not meeting its budget. Internal risks are minimised by the implementation of internal control procedures for authorisation of transactions and projects and through staff development. These procedures are reviewed periodically to ensure they still meet the needs of the charity.

The key risks as identified by the trustees include:

- A severe impact from the Covid-19 or other pandemic and the consequent potential impact on future reputation and expenditure;
- Periodic staff shortages within a very challenging recruitment sector and the consequent impact on charitable expenditure against budget;
- Maintaining fee levels and cash flow in the context of the complexities of the NHS contracting process; and
- A potential lack of expertise and development of the key management team in respect of future requirements.



**CASTEL FROMA NEURO CARE LIMITED**  
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**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**STRATEGIC REPORT**

**Reserves policy**

The trustees have examined the charity's requirements for reserves in light of the main risks to the organisation and have established a policy whereby sufficient unrestricted reserves are retained in order to meet unforeseen increased working capital requirements at a level equal to at least six months' operating expenditure. In April 2021, the trustees further clarified the reserves policy with an additional aim to hold a level of reserves in liquid assets such as cash deposits or investment funds of at least three months' operating expenditure.

The strategy of the trustees is guided by the following principles:

- To build reserves through planned operating surpluses;
- To review the policy regularly in the light of financial performance and any changes in risk assessment;
- To apply this policy in conjunction with the investment policy, to enable a proportion of the reserve to be invested; and
- To limit the ability of the charity to draw from its reserves by only authorising the Chief Executive or Chair of Trustees to effect such a drawdown, with an obligation to report any such withdrawal to the Board.

The present level of unrestricted reserves not committed is £7,151,881, of which there is a designation of £3,191,695. This designated fund represents the net book value of the functional fixed assets of the charity and is therefore not deemed to be available to the charity for activities other than to which these assets are currently committed. The present level of reserves available to the charity for unforeseen working capital requirements is therefore £3,960,186, which, at just over five months of operating expenditure, is just short of the six months target, based upon current levels of activity and budgets for the forthcoming years. The trustees consider that the strength of the charity's balance sheet, current stable cash flows and the results of recent risk management analysis indicate that the current level of reserves is adequate for the charity to meet its objectives.

**Valuation of properties**

In October 2020 the freehold properties at both sites (Lillington House and Helen Ley House) were subject to a periodic valuation, in accordance with UK GAAP in order to assess whether either property was impaired, as neither property is depreciated. This led to assessed valuations of £4,200,000 and £2,950,000 respectively, and were on an open market value basis.

Previously, Lillington House had been assessed as having a value of £7,235,000 on a reinstatement/replacement basis for insurance purposes. The trustees have considered the market value of £4,200,000 above and have accordingly accounted for an impairment of £510,420 in the year under review.

As the carrying value of Helen Ley House, at £2,855,750 did not exceed its latest market valuation, the trustees are satisfied that it is not impaired and that its current carrying value is considered to be appropriate.

A fair value adjustment of a £400,000 gain for the investment property at Prologis Park was made in the year under review, based on latest indicators derived from typical rental market yields in the geographical area and the category of property being assessed.

**Fundraising**

Whilst the charity does incur some expenditure in respect of fundraising activities, including professional fees for a third party agent in respect of corporate charity donations, these are considered to be on a small scale and do not form part of the charity's principal activities. The charity neither participates in publicly marketed fundraising events nor in the active soliciting of donations from members of the general public. Accordingly, the charity is not registered with the Fundraising Regulator, although the trustees will keep the situation under review.

The trustees would like to acknowledge their sincere gratitude for the donations in the year from: Barclays Bank, Edward Cadbury Charitable Trust, Garfield Weston Foundation, The Truemark Trust, WPH Charitable Trust and The 29<sup>th</sup> May 1961 Charitable Trust.

**CASTEL FROMA NEURO CARE LIMITED**  
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**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**STATEMENT OF PUBLIC BENEFIT**

The trustees are mindful of the need to demonstrate public benefit in the operation of both Royal Midland Counties Home for the Disabled (RMCHD) and Castel Froma Neuro Care Limited. For many years the charity had operated at a trading loss and had been wholly dependent upon RMCHD to provide substantial donations in order to keep the charity running. The trustees are now pursuing a strategy of maintaining realistic fee levels whilst also ensuring that costs are actively managed, which has started to produce financial stability for the charity.

The trustees have duly considered the Charity Commission's published guidance on public benefit requirements under the Charities Act 2011.

As such, the trustees carry out those objects and activities by contracting with, amongst others, NHS England and various clinical commissioning groups to provide:-

- Rehabilitation of individuals following catastrophic brain traumas; and
- Continuing specialist and complex care for individuals with ongoing brain related traumas and physical disabilities

As a result of this, the charity is deemed to demonstrate a public benefit in assisting the NHS and other public bodies by offering a more tailored solution to these individuals whose complex and often long-term care needs would otherwise place a significant burden on publicly funded resources and facilities.

Furthermore, in common with other charities in the care sector, the fees charged to residents are based on a structure of cost recovery that extends only to direct care costs and ancillary overheads but which excludes a charge for room rental. As such the charity is considered to offer a demonstrable public benefit to residents, their families and wider society in providing this service within the context of its overall care obligations.

The charity is open to all who may benefit from the highly intensive services offered at Castel Froma Neuro Care Limited. We know we could do more and that is why we are seeking to develop the existing premises which, in addition to providing more appropriate facilities and surroundings, will allow the charity to offer its services to more potential residents. A broader range of services is contemplated which would offer further support to those needing the specialised service we offer. This approach is entirely driven by the charity's objective of relieving persons with physical disabilities by the provision of care.

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**Trustees' responsibilities in relation to the financial statements**

The charity trustees (who are also directors of Castel Froma Neuro Care Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement as to disclosure to our auditors**

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

Harrison Beale & Owen Limited have expressed their willingness to continue in the capacity of the company's auditors.

**Approval of Strategic Report**

In approving the Trustees' Annual Report we also approve the Strategic Report included therein, in our capacity as company directors.

Approved by the trustees on 18 January 2022 and signed on their behalf by

  
Mr J Evison  
Chairman of Trustees

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Opinion**

We have audited the financial statements of Castel Froma Neuro Care Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

However, not all future events or conditions can be foreseen. The Covid-19 viral pandemic is one of the most significant economic events there has been in the UK for many years, with unprecedented levels of uncertainty in predicting outcomes. It is therefore difficult to evaluate all of the potential implications on the charitable company's activities, beneficiaries, suppliers and the wider economy. Management's views on the impact of Covid-19 are disclosed in the strategic report and note 1 (b) of the financial statements.

**CASTEL FROMA NEURO CARE LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**Other information**

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**CASTEL FROMA NEURO CARE LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit process includes an assessment of the entity's risk environment, through enquiry of and discussion with management and those charged with governance, including an assessment of any key laws and regulations with which the charitable company must comply in the ordinary course of its operations.

Additionally, the overall risks of irregular transactions occurring are assessed following our observations and confirmation of the design and implementation of management's controls. Whilst we are mindful of these risks, our audit focus is geared towards the risk of material misstatement in the financial statements as a whole.

As such, our procedures cannot guarantee that all transactions have been fully compliant with all relevant laws and regulations, including those regulations relating to fraud, as our procedures are not designed to detect all instances of non-compliance. By definition, the risk of our detection of non-compliance is greater where compliance with a law or regulation is removed from the events and transactions reflected in the financial statements. The risk is also greater regarding irregularities due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Ashfield BA FCA (Senior Statutory Auditor)  
For and on behalf of Harrison Beale & Owen Limited  
Chartered Accountants and Statutory Auditor  
Highdown House  
11 Highdown Road  
Leamington Spa  
Warwickshire  
CV31 1XT

18 January 2022

**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

		Unrestricted Funds	Restricted and Endowment Funds	Total 2021	Total 2020
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	2	229,067	-	229,067	69,898
Charitable activities					
Operation of care centres:	2				
Residential fees		7,050,647	-	7,050,647	7,659,539
Hydrotherapy		23,258	-	23,258	23,325
Government grants		347,539	-	347,539	-
Investments	3	173,669	-	173,669	171,303
Other	2	25,226	-	25,226	24,460
<b>Total income and endowments</b>	<b>2</b>	<b>7,849,406</b>	<b>-</b>	<b>7,849,406</b>	<b>7,948,525</b>
<b>Expenditure on:</b>					
Raising funds	4	67,144	-	67,144	58,389
Charitable activities:					
Operation of care centres	9	8,480,505	-	8,480,505	7,869,524
<b>Total expenditure</b>		<b>8,547,649</b>	<b>-</b>	<b>8,547,649</b>	<b>7,927,913</b>
<b>Net (expenditure)/ income</b>	<b>7</b>	<b>(698,243)</b>	<b>-</b>	<b>(698,243)</b>	<b>20,612</b>
<b>Transfers between funds</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/ (losses):</b>					
Other gains/ (losses)	6	430,784	-	430,784	(6,100)
<b>Net movement in funds</b>		<b>(267,459)</b>	<b>-</b>	<b>(267,459)</b>	<b>14,512</b>
<b>Reconciliation of funds</b>					
Total fund balances brought forward at 1 April 2020	19	7,419,340	4,325,033	11,744,373	11,729,861
Total fund balances carried forward at 31 March 2021		<u>7,151,881</u>	<u>4,325,033</u>	<u>11,476,914</u>	<u>11,744,373</u>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**BALANCE SHEET AS AT 31 MARCH 2021**


		2021 £	2020 £
	Note		
<b>Fixed assets</b>			
Tangible assets	10	8,067,914	8,828,644
Investments	11	3,014,784	2,387,642
		<u>11,082,698</u>	<u>11,216,286</u>
<b>Current assets</b>			
Stock	12	177,397	71,716
Debtors	13	309,344	883,230
Cash at bank and in hand		1,150,664	670,410
		<u>1,637,405</u>	<u>1,625,356</u>
<b>Creditors : amounts falling due within one year</b>	14	(645,867)	(785,928)
<b>Net current assets</b>		<u>991,538</u>	<u>839,428</u>
<b>Total assets less current liabilities</b>		12,074,236	12,055,714
<b>Creditors : amounts falling due in more than one year</b>	15	(597,322)	(311,341)
<b>Net assets</b>		<u>11,476,914</u>	<u>11,744,373</u>
<b>Unrestricted funds</b>			
<b>General funds</b>			
General	19	3,260,186	3,194,611
Fair value reserve	19	700,000	300,000
<b>Total General funds</b>		3,960,186	3,494,611
<b>Designated funds</b>	19	3,191,695	3,924,729
		<u>7,151,881</u>	<u>7,419,340</u>
<b>Restricted funds</b>	19	75,033	75,033
<b>Endowment fund</b>	19	4,250,000	4,250,000
(held by Castel Froma Neuro Care Ltd as a trustee of RMCHD)		<u>11,476,914</u>	<u>11,744,373</u>

These accounts were approved by the Board of Trustees on 18 January 2022 and signed on its behalf by

**MR J EVISON**  
Chairman



**MR G MURRELL**  
Vice-Chairman





**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

		2021 £	2020 £	
	Note			
Cash provided by operating activities	1	689,256	201,344	
Cash flows from investing activities				
Payments to acquire tangible fixed assets		(139,416)	(464,809)	
Payments to acquire fixed asset investments		(219,968)	-	
Receipts from disposal of fixed asset investments		30,300	-	
Interest received		1,569	3,608	
Rents received from investment properties		172,100	167,695	
Cash used in investing activities		(155,415)	(293,506)	
Cash flows from financing activities				
Repayment of long term loans		(27,696)	(25,464)	
Interest paid		(19,201)	(28,445)	
Cash used in financing activities		(46,897)	(53,909)	
Increase/ (Decrease) in cash and cash equivalents		486,944	(146,071)	
Cash and cash equivalents at 1 April		676,014	822,085	
Cash and cash equivalents at 31 March		1,162,958	676,014	
Cash and cash equivalents consists of:				
Cash at bank and in hand		1,150,664	670,410	
Listed investments cash		12,294	5,604	
Cash and cash equivalents at 31 March		1,162,958	676,014	
Analysis of changes in net funds				
	At 1 April 2020 £	Cash flows £	Non-cash changes £	At 31 March 2021 £
Long term loans	(311,341)	-	(285,981)	(597,322)
Short term loans	(342,574)	27,696	285,981	(28,897)
Total liabilities	(653,915)	27,696	-	(626,219)
Cash and cash equivalents	676,014	486,944	-	1,162,958
Total net funds	22,099	514,640	-	536,739

**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**NOTES TO THE STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2021**

**1. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net movement in funds	(267,459)	14,512
Rents received from investment properties	(172,100)	(167,695)
Interest receivable	(1,569)	(3,608)
Interest payable	19,201	28,445
Depreciation and impairment of tangible fixed assets	900,146	464,512
(Gains)/ losses on investments	(430,784)	6,100
Increase in stock	(105,681)	(12,500)
Decrease/ (Increase) in debtors	573,886	(88,278)
Increase/ (decrease) in creditors	173,616	(40,144)
Net cash provided by operating activities	<u>689,256</u>	<u>201,344</u>

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**1 Principal accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below as follows. These policies have been consistently applied unless otherwise stated.

**a) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Castel Froma Neuro Care Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are presented in sterling which is the functional currency of the charitable company and rounded to the nearest £.

**b) Preparation of the accounts on a going concern basis**

The charity reported an adverse net movement in funds of £267,459, however it should be noted that this performance was in the context of significant restrictions imposed by, and incremental costs arising from, the impact of Covid-19. Moreover, the charity generated net cash provided by operating activities of £689,256 for the year and this is felt by trustees to be a good indication of the charity's resilience over the last 12 months and beyond. The trustees are of the view that the charity's future plans, including forecasts for net income and operating cash inflows, along with the level of reserves, suggest that the charity's immediate future is secured for the 12 months following the authorisation of these accounts. Accordingly, on this basis the trustees consider that no material uncertainties exist and that the charitable company is therefore a going concern.

**c) Income**

Income is recognised when the charity has any entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable the income will be received and the amount can be measured reliably.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Government grants arising from the impact of Coronavirus (COVID-19) with the purpose of compensating the charitable company for incremental expenditure arising and for claims made under the Job Retention Scheme are recognised in the period in which they become receivable.

For legacies, entitlement is the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of any care services provided is deferred until the criteria for income recognition are met (see note 14).

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity, for example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**1 Principal accounting policies (continued)**

No amount is included in the financial statements for volunteer time in line with the SORP. Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from investment property is accounted for on a straight line basis over the period of the lease.

**d) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements where applicable.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity, principally the property at Lillington Road.

**e) Expenditure recognition and irrecoverable VAT**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds comprise property management fees and property related interest and costs; and staff and professional fees associated with raising funds.
- Expenditure on charitable activities includes the costs associated with the provision of care and accommodation for severely physically disabled people and other activities undertaken to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**f) Support costs**

Support costs are those functions that assist the work of the charity but do not directly represent charitable activities and include office costs, finance, personnel, payroll and governance costs. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities. Costs are allocated to activities based on a relevant indicator for use of resources (e.g. staff allocated by activity; floor area of building; equipment allocated by activity). The bases on which support costs have been allocated are set out in note 9.

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**1 Principal accounting policies (continued)**

**g) Leases and hire purchase**

Assets acquired under hire purchase contracts are capitalised and depreciated over their expected useful lives. Rentals payable under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

**h) Tangible fixed assets**

Individual fixed assets costing £1,000 or more are capitalised at cost.

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land and buildings	0% p.a.
Motor vehicles	25% p.a. reducing balance
Fixtures, fittings and equipment	15%, p.a., 20% p.a. and 33.3% p.a. straight line

Freehold land and buildings are not depreciated as the charity maintains the properties to a high standard and their residual values are regularly measured on the basis of fair value and reinstatement cost as a means to assess their carrying values in the financial statements. This informs an annual impairment review, which is undertaken to establish the recoverable value of all properties.

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SOFA.

**i) Investments**

Listed investments are stated at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are recognised in the SOFA. Gains or losses on investments are calculated as the difference between the disposal proceeds and the market value brought forward.

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in "Other gains/ (losses)" in the SOFA.

Cash and cash equivalents comprise cash at banks, on deposit and in hand where there is a maturity of less than one year.

**j) Stock**

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

**k) Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

**l) Financial instruments**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**CASTEL FROMA NEURO CARE LIMITED**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**1 Principal accounting policies (continued)**

**m) Employee benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

**n) Tax**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. As such, it does not have liability to corporation tax in the course of its normal charitable activities.

**o) Company status and general information**

The charity is a private company incorporated in England and Wales and is limited by guarantee, with no share capital. The members of the company include the trustees. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office and registered numbers of the company and charity are shown in the charity information on page 2 of these financial statements.

**p) Critical accounting estimates and judgements**

To be able to prepare financial statements in accordance with FRS 102, the charity must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual financial statements. The estimates and judgements are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made. The trustees do not consider any of the estimates or judgements applied to be significant to the financial statements.

**2 Income and endowments**

Income from donations and legacies was £229,067 (2020: £69,898) of which £Nil (2020: £57,200) was attributable to restricted funds and £229,067 (2020: £12,698) was attributable to unrestricted funds.

Income from charitable activities was £7,421,444 (2020: £7,682,864) all of which was attributable to unrestricted funds and related to the provision of care services. Included in income from charitable activities were government grants of £347,539 (2020: £Nil) in respect of additional funding for Covid-19 related expenditure.

Other income was £25,226 (2020: £24,460) all of which was attributable to unrestricted funds and related to the provision of other services.

**3 Investment income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Rental income and income under operating leases	172,100	167,695
Interest and dividend income	1,569	3,608
	<u>173,669</u>	<u>171,303</u>

All investment income in the current and prior years was attributable to unrestricted funds.

**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**4 Expenditure on raising funds**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Professional fees for direct fundraising costs	30,287	12,250
Professional fees for investing activities	5,187	5,227
Property management fees and repairs	12,469	12,505
Bank loan interest	19,201	28,407
	<u>67,144</u>	<u>58,389</u>

Of the expenditure on raising funds above, only £30,287 (2020: £12,250) related directly to donations and legacy income in the financial statements. Other expenditure is associated with professional and property management fees in respect of fixed asset investments and investment property; and the cost of servicing secured loans as disclosed in note 15.

All expenditure on raising funds in the current and prior year was attributable to unrestricted funds.

**5 Staff costs, trustee remuneration and expenses and the cost of key management personnel**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,085,850	5,293,094
Social security costs	372,109	382,953
Pensions	104,923	98,642
	<u>5,562,882</u>	<u>5,774,689</u>

Wages and salaries include agency staff costs totalling £264,104 (2020: £552,509).

The trustees neither received nor waived any remuneration during the year (2020: £Nil). No trustee (2020: One) was reimbursed travel expenses during the year (2020: £436).

The number of staff whose emoluments fell within the following bands was as follows:-

	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	2	3
£70,001 to £80,000	2	1
£90,001 to £100,000	-	1
£110,001 to £120,000	1	-

Five (2020: Five) employees earning over £60,000 (2020: £60,000) were accruing retirement benefits under a defined contribution scheme. In the year, employer contributions of £16,994 (2020: £9,667) were made in respect of these employees.

The average monthly headcount was 205 staff (2020: 221 staff) and the average monthly number of full time equivalent employees (including part time staff) during the year was:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Management	5	6
Administration	7	8
Nursing	34	35
Ancillary care	84	93
Therapy	20	21
Housekeeping	15	15
Services	4	5
	<u>169</u>	<u>183</u>

**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**5 Staff costs, trustee remuneration and expenses and the cost of key management personnel (continued)**

The key management of the charity comprise the Trustees, the Chief Executive, the Clinical Leads, the Facilities and Estates manager and the Nominated individual. The total employee benefits of the key management personnel of the charity were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Key management employee benefits	277,343	242,253
	<u>                    </u>	<u>                    </u>

**6 Other gains and losses**

Other gains and losses include realised gains of £4,014 (2020: £Nil) and an unrealised gain of £26,770 (2020: loss of £6,100) in respect of listed investments. Additionally, a fair value gain of £400,000 (2020: £Nil) has been recognised on the charitable company's investment property.

**7 Net expenditure/ income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net (expenditure)/ income is stated after charging/ (crediting):-		
Other operating leases	41,017	36,267
Depreciation – owned assets	389,726	464,512
Impairment loss – owned assets	510,420	-
Government grants – CJRS	(18,543)	-
Government grants – Other	(328,996)	-
Income from operating lease arrangements	(172,100)	(167,695)
Auditors' remuneration	8,000	8,000
	<u>                    </u>	<u>                    </u>

**8 Interest payable**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loan Interest	19,201	28,407
	<u>                    </u>	<u>                    </u>



**CASTEL FROMA NEURO CARE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**9 Analysis of expenditure on charitable activities**

	Operation of Care centres £	Therapies £	Total 2021 £	Total 2020 £
Staff	4,050,256	607,358	4,657,614	4,868,624
Rent & rates	25,741	3,510	29,251	31,391
Light, heat & power	123,462	16,836	140,298	138,578
Supplies (medical, catering & cleaning)	387,380	52,825	440,205	510,741
Repairs & maintenance	192,604	26,264	218,868	227,931
Training	19,956	2,721	22,677	50,059
Subscriptions	44,458	6,063	50,521	55,429
Motor & travelling expenses	9,178	1,251	10,429	16,593
Insurance	72,140	9,837	81,977	74,714
Bank charges & interest	1,606	-	1,606	2,181
Depreciation	350,753	38,973	389,726	464,512
Impairment	510,420	-	510,420	-
General expenses	77,182	10,525	87,707	120,479
Covid-19 expenses	506,564	69,078	575,642	23,267
	<u>6,371,700</u>	<u>845,241</u>	<u>7,216,941</u>	<u>6,584,499</u>

Allocation of support and governance costs to activities	Operation of Care centres £	Total 2021 £	Total 2020 £
Wages and salaries & related costs (allocated on time)	843,620	843,620	847,785
General (pro rata to staff full time equivalent)	130,180	130,180	161,891
Legal and other professional fees	<u>136,411</u>	<u>136,411</u>	<u>143,140</u>
Support costs	1,110,211	1,110,211	1,152,816
Governance costs (allocated on time)	153,353	153,353	132,209
Direct costs		7,216,941	6,584,499
Total costs relating to the operation of the care centres		<u>8,480,505</u>	<u>7,869,524</u>

Governance costs comprise the following:-

	2021 £	2020 £
Staff costs	61,648	58,280
Legal and professional fees	91,705	73,929
	<u>153,353</u>	<u>132,209</u>

Expenditure on charitable activities was £8,480,505 (2020: £7,869,524) of which £Nil (2020: £21,238) was attributable to restricted funds and £8,480,505 (2020: £7,848,286) was attributable to unrestricted funds.

**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

10	Tangible fixed assets	Freehold land & buildings	Motor Vehicles	Fixtures fittings & equipment	Total
	Cost or valuation	£	£	£	£
	At 1 April 2020	7,516,916	158,116	4,200,780	11,875,812
	Additions	49,263	-	90,153	139,416
	At 31 March 2021	7,566,179	158,116	4,290,933	12,015,228
	<b>Depreciation</b>				
	At 1 April 2020	-	105,273	2,941,895	3,047,168
	Charge for the period	-	13,213	376,513	389,726
	Impairment	510,420	-	-	510,420
	At 31 March 2021	510,420	118,486	3,318,408	3,947,314
	<b>Net book value</b>				
	At 31 March 2021	7,055,759	39,630	972,525	8,067,914
	At 31 March 2020	7,516,916	52,843	1,258,885	8,828,644

Freehold land and buildings comprise the sites at Lillington Road (Lillington House) with a carrying value of £4,200,000 and at Bericote Lane (Helen Ley House) with a carrying value of £2,855,759. Both sites were valued in October 2020 by Wareing & Company, which resulted in an impairment loss of £510,420 for Lillington House but no change in the carrying value for Helen Ley House. If freehold land and buildings had not been revalued they would have been included at a historical cost of £4,493,388.

**11 Investments**

	2020	2020
Listed Investments	£	£
Market value at 1 April 2020	382,038	388,138
Additions	219,968	-
Disposals	(26,286)	-
Unrealised gains/ (losses)	26,770	(6,100)
Market value at 31 March 2021	602,490	382,038
Historical cost at 31 March 2021	581,566	387,884
Listed investments are represented by:		
Equity shares and fixed interest securities	602,490	382,038
Cash	12,294	5,604
As at 31 March 2021	614,784	387,642
<b>Investment property</b>	<b>2021</b>	<b>2020</b>
<b>Valuation</b>	<b>£</b>	<b>£</b>
Balance at 1 April 2020	2,000,000	2,000,000
Unrealised gain	400,000	-
Balance at 31 March 2021	2,400,000	2,000,000
<b>Total investments</b>	3,014,784	2,387,642

Investment property was valued on a fair value basis by the trustees as at 31 March 2021 at £2,400,000 (2020: £2,000,000). The method and significant assumptions underlying this assessment of fair value was by reference to recent rent yields based on the type of property and its geographical location. The investment property is currently being leased by a third party, as stated in note 16, which runs up to 2023.

**CASTEL FROMA NEURO CARE LIMITED**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

<b>12</b>	<b>Stock</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Domestic supplies and consumables	177,397	71,716
		<u>          </u>	<u>          </u>
<b>13</b>	<b>Debtors</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Trade debtors	114,017	671,349
	Other debtors	850	850
	Prepayments and accrued income	194,477	211,031
		<u>          </u>	<u>          </u>
		<u>309,344</u>	<u>883,230</u>

All debtors are short term financial assets that are debt instruments measured at amortised cost.

<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdraft	28,897	342,574
	Trade creditors	242,031	215,871
	Accruals and deferred income	244,066	92,369
	Other taxation and social security	100,228	98,794
	Other creditors	30,645	36,320
		<u>          </u>	<u>          </u>
		<u>645,867</u>	<u>785,928</u>

Included in accruals and deferred income is fee and rental income relating to later periods totalling £47,663 (2020: £42,302) which has been deferred in the year ended 31 March 2021. Amounts of £42,302 were released from the previous accounting period.

<b>15</b>	<b>Creditors: amounts falling due in more than one year</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Bank loans	597,322	311,341
		<u>          </u>	<u>          </u>
		<u>597,322</u>	<u>311,341</u>

All creditors are financial assets that are debt instruments measured at amortised cost.

The bank loans and bank overdraft are secured on freehold property, investment property and freehold land.

Bank loans incur interest at both a variable rate (base rate plus 2.75%) and fixed rate of 3.27%.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

<b>15</b>	<b>Creditors: amounts falling due in more than one year (continued)</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
	<b>Loans</b>		
	An analysis of the maturity of loans is given below:		
	Amounts falling due within one year or on demand:		
	Bank loans	28,897	342,574
		<u>28,897</u>	<u>342,574</u>
	Amounts falling due between one and two years:		
	Bank loans	28,897	13,965
		<u>28,897</u>	<u>13,965</u>
	Amounts falling due between two and five years:		
	Bank loans	86,691	41,896
		<u>86,691</u>	<u>41,896</u>
	Amounts falling due after five years:		
	Bank loans	481,734	255,480
		<u>481,734</u>	<u>255,480</u>
		<u>626,219</u>	<u>653,915</u>

Within bank loans falling due within one year, £328,609 was refinanced as a long term loan from April 2020.

**16 Operating lease commitments**

At 31 March 2021 the charity had minimum lease payments under non-cancellable operating leases as follows:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Expiry date:		
Within 1 year	24,531	25,972
Between 1 and 5 years	6,442	30,973
	<u>30,973</u>	<u>56,945</u>

At 31 March 2021 the charity had minimum lease receipts due under non-cancellable operating leases as follows:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Expiry date:		
Within 1 year	137,000	137,000
Between 1 and 5 years	68,500	205,500
	<u>205,500</u>	<u>342,500</u>

**17 Residents' savings**

An amount of £6,464 (2020: £5,734) is held in two secure bank accounts on behalf of residents. All accounting records for transactions made on behalf of residents are segregated from the records of the charitable company.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**18 Pension commitments**

The charitable company operates a defined contribution pension scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charitable company and amounted to £104,923 (2020: £98,642). Included within creditors is an amount due to scheme providers totalling £18,212 (2020: £17,998).

**19 Analysis of charitable funds**

	At 1 April 2020 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2021 £
<b>Analysis of movements in unrestricted funds:</b>					
<b>General reserve</b>					
General	3,194,611	7,880,190	(7,647,503)	(167,112)	3,260,186
Fair value reserve	300,000	400,000	-	-	700,000
<b>Total General reserve</b>	3,494,611	8,280,190	(7,647,503)	(167,112)	3,960,186
<b>Designated reserve</b>					
Fixed asset fund	3,924,729	-	(900,146)	167,112	3,191,695
<b>Unrestricted funds</b>	7,419,340	8,280,190	(8,547,649)	-	7,151,881
<b>Analysis of movements in restricted funds:</b>					
<b>Restricted revenue funds</b>					
Nurses' social committee fund	3,274	-	-	-	3,274
Helen Ley physio equipment	4,241	-	-	-	4,241
New build professional fees	13,670	-	-	-	13,670
Software fund	1,543	-	-	-	1,543
Leisure and sporting activities	1,972	-	-	-	1,972
Other	4,808	-	-	-	4,808
	29,508	-	-	-	29,508
<b>Restricted capital funds</b>					
New build fund	25	-	-	-	25
New en-suite room	45,500	-	-	-	45,500
	75,033	-	-	-	75,033
<b>Endowment fund (RMCHD)</b>	4,250,000	-	-	-	4,250,000
<b>Total funds</b>	11,744,373	8,280,190	(8,547,649)	-	11,476,914

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**19 Analysis of charitable funds (continued)**

The general reserve represents the free funds of the charity which are not designated for particular purposes.

The fair value reserve represents cumulative surpluses arising from annual remeasurements of the charitable company's investment property at fair value through the Statement of Financial Activities.

Designated unrestricted funds include reserves invested in fixed assets and land and property assets held for resale less the associated bank loans.

The endowment fund is held by Royal Midland Counties Home for the Disabled and comprises a permanent endowment of £4,250,000, being the site of the charity's registered address (represented within freehold land & buildings in note 10). On 1 April 2011 the endowment fund was placed under the protection of the trustees of Castel Froma Neuro Care Limited under a Uniting Direction. The endowment fund is being held by Castel Froma Neuro Care Limited as a trustee of Royal Midland Counties Home for the Disabled.

The restricted funds are those funds which have been used in accordance with restrictions imposed by donors or funds which have been raised by the charity for specific purposes.

The nurses' social committee fund represents amounts received from the Mary Hallam estate to be spent by the committees.

The Helen Ley physio equipment fund arose out of specific donations received and appeals made by the charity as a contribution towards the cost of this charitable activity.

The new build professional fees fund represents a specific donation to cover some of the up front costs associated with the proposed new build site.

The software fund represents amounts donated by Royal Midlands Counties Home for the Disabled and other donors to install relevant software and purchase the necessary support and testing required to bring it into full operational use.

The leisure and sporting activities fund represents amounts donated towards additional leisure and sporting activities for the benefit of residents.

Other restricted funds comprise funds in relation to: People's postcode lottery; Specialist training; and The English Project.

The new build and en-suite funds represent funds raised to assist in the future development of the charity's care centres.

Where a transfer has been made from restricted to unrestricted funds, this is to reflect that the terms of a restricted capital donation have been met once the associated fixed assets have been acquired. The net book values of the associated assets are included in the fixed asset designated fund.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**20 Analysis of net assets between funds**

	Tangible fixed assets £	Investments £	Net current assets £	Long term creditors £	Total £
<b>Unrestricted funds</b>					
General reserve	-	3,014,784	945,402	-	3,960,186
Designated reserve	3,817,914	-	(28,897)	(597,322)	3,191,695
<b>Restricted funds</b>	-	-	75,033	-	75,033
<b>Endowment fund</b>	4,250,000	-	-	-	4,250,000
	8,067,914	3,014,784	991,538	(597,322)	11,476,914

**21 Related party transactions**

There were no related party transactions during the year (2020: £Nil).

**22 Controlling interest**

The charity is controlled by the trustees.

